



September 15, 2017

**VIA HAND DELIVERY**

Mr. Andrew Maurey, Director  
Division of Accounting and Finance  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
2017 SEP 15 AM 3:38  
DIVISION OF  
ACCOUNTING & FINANCE

**Re: Florida Public Utilities Company (Electric and Gas Divisions) and the Florida Division of Chesapeake Utilities Corporation 2nd Quarter 2017 Surveillance Reports**

Dear Mr. Maurey:

In accordance with Rules 25-6.1352(3) and 25-7.1352(3), F.A.C., Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation hereby submits the original and four copies of the required 2nd Quarter Earnings Surveillance Reports for 2017.

As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

cc: Bart Fletcher

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
 RATE OF RETURN REPORT SUMMARY  
 June 30, 2017

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<b>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	\$ (66,032)	\$12,783	(\$53,249)	\$ (31,672)	(\$84,920)
AVERAGE RATE BASE	\$884,909	(\$155,534)	\$729,375	\$594,941	\$1,324,316
AVERAGE RATE OF RETURN	-7.46%		-7.30%		-6.41%
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	(\$66,032)	\$12,825	(\$53,207)	(\$31,672)	(\$84,878)
YEAR-END RATE BASE	\$790,620	\$143	\$790,762	\$571,143	\$1,361,906
YEAR-END RATE OF RETURN	-8.35%		-6.73%		-6.23%
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>		
LOW	4.97%		A. RETURN ON COMMON EQUITY		-20.53%
MIDPOINT	5.37%				
HIGH	5.77%				

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Mike Cassel  
 Director, Regulatory Affairs

*Michael Cassel* (Signature)  
 Signature

9/14/17  
 Date

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
**AVERAGE RATE OF RETURN**  
 For the 12 Months Ending June 30, 2017  
 RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$ 935,824	\$ (443,536)	\$ 492,288	\$ -	\$ 48,287	\$ 540,575	\$ 344,334	\$ 884,909
FPSC ADJUSTMENTS:								
REMOVE CONS. & PGA UNDER-RECOVERY CORRECT RECORDING OF ACQUISITION		\$ (916)	\$ (916)			\$ (916)	\$ (154,618)	\$ (154,618)
TOTAL FPSC ADJUSTMENTS	\$ -	\$ (916)	\$ (916)	\$ -	\$ -	\$ (916)	\$ (154,618)	\$ (155,534)
FPSC ADJUSTED	\$ 935,824	\$ (444,452)	\$ 491,372	\$ -	\$ 48,287	\$ 539,659	\$ 189,716	\$ 729,375
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (118,989)	\$ 594,941			\$ 594,941		\$ 594,941
TOTAL PRO FORMA ADJUSTMENTS	\$ 713,930	\$ (118,989)	\$ 594,941	\$ -	\$ -	\$ 594,941	\$ -	\$ 594,941
PRO FORMA ADJUSTED	\$ 1,649,754	\$ (563,441)	\$ 1,086,313	\$ -	\$ 48,287	\$ 1,134,600	\$ 189,716	\$ 1,324,316

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
 AVERAGE RATE OF RETURN  
 For the 12 Months Ending June 30, 2017  
 INCOME STATEMENT

SCHEDULE 2  
 PAGE 2 OF 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$ 327,751	\$ 138,192	\$ 210,745	\$ 30,051	\$ 43,111	\$ (28,316)				\$ 393,783	\$ (66,032)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$10,752)				\$ (10,752)	\$ 10,752
2) Correct Depreciation of Acquisition				\$ (3,633)		\$ 1,402				\$ (2,232)	\$ 2,232
3) Elim. Conservation Rev & Exp.	\$ (14,843)	\$ (15,021)			\$ (74)	\$ 97				\$ (14,998)	\$ 155
4) Elim. PGA Revenues & Expense	\$ (124,567)	\$ (123,171)			\$ (818)	\$ (223)				\$ (124,212)	\$ (355)
TOTAL FPSC ADJUSTMENTS	\$ (139,410)	\$ (138,192)	\$ -	\$ (3,633)	\$ (893)	\$ (9,476)	\$ -	\$ -	\$ -	\$ (152,193)	\$ 12,783
FPSC ADJUSTED	\$ 188,341	\$ -	\$ 210,745	\$ 26,418	\$ 42,218	\$ (37,792)	\$ -	\$ -	\$ -	\$ 241,590	\$ (53,249)
PROFORMA ADJUSTMENTS											
1) Amortize Acquisition Adjustment				\$ 51,562		\$ (19,890)				\$ 31,672	\$ (31,672)
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ 51,562	\$ -	\$ (19,890)	\$ -	\$ -	\$ -	\$ 31,672	\$ (31,672)
PRO FORMA ADJUSTED	\$ 188,341	\$ -	\$ 210,745	\$ 77,979	\$ 42,218	\$ (57,681)	\$ -	\$ -	\$ -	\$ 273,261	\$ (84,920)

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending June 30, 2017  
 RATE BASE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	PLANT IN SERVICE	NET PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$ 1,053,300	\$ (445,247)	\$ 608,053	\$ -	\$ 23,398	\$ 631,451	\$ 159,169	\$ 790,620
FPSC ADJUSTMENTS:								
CORRECT RECORDING OF ACQUISITION		\$ 143	\$ 143			\$ 143		\$ 143
REMOVE CONS. & PGA UNDER-RECOVERIES			\$ -			\$ -	\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ -	\$ 143	\$ 143	\$ -	\$ -	\$ 143	\$ -	\$ 143
FPSC ADJUSTED	\$ 1,053,300	\$ (445,104)	\$ 608,195	\$ -	\$ 23,398	\$ 631,594	\$ 159,169	\$ 790,762
PROFORMA ADJUSTMENTS								
RECORD ACQUISITION ADJUSTMENT	\$ 713,930	\$ (142,787)	\$ 571,143			\$ 571,143		\$ 571,143
TOTAL PRO FORMA ADJUSTMENTS	\$ 713,930	\$ (142,787)	\$ 571,143	\$ -	\$ -	\$ 571,143	\$ -	\$ 571,143
PRO FORMA ADJUSTED	\$ 1,767,230	\$ (587,891)	\$ 1,179,339	\$ -	\$ 23,398	\$ 1,202,737	\$ 159,169	\$ 1,361,906

FLORIDA PUBLIC UTILITIES COMPANY  
 FT. MEADE DIVISION  
 YEAR END RATE OF RETURN  
 For the 12 Months Ending June 30, 2017  
 INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$ 327,751	\$ 138,192	\$ 210,745	\$ 30,051	\$ 43,111	\$ (28,316)				\$ 393,783	\$ (66,032)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						(\$10,794)				\$ (10,794)	\$ 10,794
2) Correct Depreciation of Acquisition				\$ (3,633)		1,402				\$ (2,232)	\$ 2,232
3) Elim. Conservation Rev & Exp	\$ (14,843)	\$ (15,021)			\$ (74)	97				\$ (14,998)	\$ 155
4) Elim. PGA Revenues & Expense	\$ (124,567)	\$ (123,171)			\$ (818)	(223)				\$ (124,212)	\$ (355)
TOTAL FPSC ADJUSTMENTS	\$ (139,410)	\$ (138,192)	\$ -	\$ (3,633)	\$ (893)	\$ (9,518)	\$ -	\$ -	\$ -	\$ (152,236)	\$ 12,826
FPSC ADJUSTED	\$ 188,341	\$ -	\$ 210,745	\$ 26,418	\$ 42,218	\$ (37,834)	\$ -	\$ -	\$ -	\$ 241,547	\$ (53,206)
PROFORM ADJUSTMENTS											
1) Amortize Acquisition Adjustment				\$ 51,562		(19,890)				\$ 31,672	\$ (31,672)
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ 51,562	\$ -	(19,890)	\$ -	\$ -	\$ -	\$ 31,672	\$ (31,672)
PRO FORMA ADJUSTED	\$ 188,341	\$ -	\$ 210,745	\$ 77,980	\$ 42,218	\$ (57,724)	\$ -	\$ -	\$ -	\$ 273,219	\$ (84,878)

AVERAGE	ADJUSTMENTS							LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	COMMON EQUITY	\$381,598	\$0	\$381,598	\$0	(\$88,475)	\$293,123	40.19%	10.00%	4.02%	11.00%	4.42%	12.00%
LONG TERM DEBT	\$134,704	\$0	\$134,704	\$0	(\$31,232)	\$103,472	14.19%	4.66%	0.66%	4.66%	0.66%	4.66%	0.66%
SHORT TERM DEBT	\$154,523	\$0	\$154,523	\$0	(\$35,827)	\$118,696	16.27%	1.77%	0.29%	1.77%	0.29%	1.77%	0.29%
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$15,139	\$0	\$15,139	\$0	\$0	\$15,139	2.08%	-0.08%	0.00%	-0.08%	0.00%	-0.08%	0.00%
DEFERRED INCOME TAXES	\$198,945	\$0	\$198,945	\$0	\$0	\$198,945	27.28%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	4.97%	0.00%	5.37%	0.00%	5.77%	0.00%
<b>TOTAL AVERAGE</b>	<b>\$884,909</b>	<b>\$0</b>	<b>\$884,909</b>	<b>\$0</b>	<b>(\$155,534)</b>	<b>\$729,375</b>	<b>100.00%</b>		<b>4.97%</b>		<b>5.37%</b>		<b>5.77%</b>

YEAR-END	ADJUSTMENTS							LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	COMMON EQUITY	\$316,145	\$0	\$316,145	\$0	\$82	\$316,227	39.99%	10.00%	4.00%	11.00%	4.40%	12.00%
LONG TERM DEBT	\$137,296	\$0	\$137,296	\$0	\$34	\$137,330	17.37%	3.57%	0.62%	3.57%	0.62%	3.57%	0.62%
SHORT TERM DEBT	\$98,535	\$0	\$98,535	\$0	\$26	\$98,561	12.46%	2.17%	0.27%	2.17%	0.27%	2.17%	0.27%
SHORT TERM DEBT REFINANCED LTD	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$15,015	\$0	\$15,015	\$0	\$0	\$15,015	1.90%	-0.08%	0.00%	-0.08%	0.00%	-0.08%	0.00%
DEFERRED INCOME TAXES	\$223,629	\$0	\$223,629	\$0	\$0	\$223,629	28.28%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	4.89%	0.00%	5.29%	0.00%	5.69%	0.00%
<b>TOTAL YEAR-END</b>	<b>\$790,620</b>	<b>\$0</b>	<b>\$790,620</b>	<b>\$0</b>	<b>\$142</b>	<b>\$790,762</b>	<b>100.00%</b>		<b>4.89%</b>		<b>5.29%</b>		<b>5.69%</b>